

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
RELEASE AGREEMENT RELATING TO  
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY INSURED  
REVENUE BONDS (THE EPISCOPAL HOME), SERIES 2002B**

**Staff Summary  
Resolution No. 2009-12**

December 3, 2009

**BACKGROUND:**

The Episcopal Home Communities (the “Borrower”) is requesting board approval of the Release Agreement related to the previously issued CHFFA Insured Revenue Bonds (The Episcopal Home), Series 2002B (the “Bonds”).

The Borrower has elected to convert the Bonds from Auction Rate Certificates to Fixed Rate Bonds effective January 7, 2010, and upon conversion, the Borrower intends to terminate the Ambac insurance policy pursuant to the Release Agreement because the Ambac insurance is no longer financially beneficial to the Borrower in the marketing of the Bonds as a result of the downgrade of Ambac. The Borrower intends to retain the Cal-Mortgage insurance on the Bonds after conversion.

The proposed Release Agreement would allow the termination of the Ambac insurance policy, and it is required by Ambac to accomplish the termination. The Release Agreement requires the parties to release Ambac from liability relating to the original municipal bond insurance policy. The termination of the Ambac insurance is being accomplished by amending certain bond documents with the consent of the Borrower, CHFFA, the Trustee, the Remarketing Agent, and Cal-Mortgage.

The proposed Release Agreement has no material impact on Authority operations.

**STAFF RECOMMENDATION:**

Staff recommends the Authority approve the proposed Release Agreement related to the Insured Revenue Bonds (The Episcopal Home), Series 2002B Bonds.